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No. 83-1839

IN THE
SUPREME COURT OF THE UNITED STATES

October Term, 1983

RAILROAD DYNAMICS, INC.,
Petitioner

v.

A. STUCKI COMPANY,
Respondent

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF
APPEALS FOR THE FEDERAL CIRCUIT

PETITIONER'S RESPONSE TO MOTION SEEKING DAMAGES UNDER RULE 49.2 FOR FRIVOLOUS APPLICATION FOR PETITION FOR WRIT OF CERTIORARI

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Respondent's Motion is based upon the allegedly frivolous nature of the Petition for a Writ of Certiorari (hereinafter "Petition") and the totally

unrelated conduct of Petitioner,[1] which conduct, Respondent claims, establishes that the Petition was filed in bad faith and solely to delay execution upon the outstanding judgment. Both contentions are groundless and frivolous. The following reasons are advanced in support of this response.

I. The Petition For Writ Of Certiorari Raises Important Questions Of Federal Law Given The Decision Below Of The New Court Of Appeals For The Federal Circuit Which Conflicts With Decisions Of Other Courts Of Appeal And Which Have Not Been But Should Be Settled By This Court.

Unquestionably, the Petition presents several considerations strongly warranting the grant of the requested Writ by this Court. The Petition is in full compliance with this Court's Rules

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[1] Worthington Industries, Inc. is an affiliate of Petitioner in that it owns 50% of the stock of Petitioner.

17 and 21 governing such considerations and the content of a Petition for a Writ of Certiorari. Respondent states that the Petition does not set forth or allege any error of any nature or any abuse of discretion which would result in any modification or reversal of the judgment from which Petitioner has requested review. Even if this were true, it is irrelevant.2/ The purpose of a

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2/ Errors of the appellate court below clearly were alleged in the Petition, for example at 7 ("illogical, unworkable, and inequitable position taken by the CAFC"); 10 ("overlooked, misapprehended or ignored the precedent"); 15 ("by not remanding . . . the CAFC in the present case rendered meaningful judicial review of the jury's verdict impossible"); 16 ("fails to comport with the CAFC and other courts' decisions"); 18 ("the CAFC's holding is both illogical and in direct conflict with . . . every other Circuit Court of Appeals"); 22 ("an improperly high burden of proof on Petitioner and therefore constituted reversible error"); 23 ("the trial court erred. . . . Likewise, when the CAFC approved the trial court's actions, it adopted a position which is in direct conflict with every other Circuit Court of Appeals that

(footnote continued)

petition for a writ of certiorari is to point out to this Court how a federal court of appeals has rendered a decision in conflict with that of another federal court of appeals on the same matter or has so far departed from the accepted and usual course of judicial proceedings or so far sanctioned such a departure by a lower court that this Court's supervisory powers should be exercised, or to decide an important question of federal law which has not been, but should be, settled by this Court, or to correct a federal court decision conflicting with decisions of this Court (Supreme Court Rule 17).

(footnote continued from previous page) has considered this issue"); 26 ("this Court's consideration . . . should result in a reversal of the judgment").

Even assuming the accuracy of Respondent's statement that the CAFC has consistently held that special interrogatories are advisable but not mandatory (disputed in the Petition at 8-10 and in the Reply Brief accompanying this Response, at 5-9), the CAFC's decision in the case at bar conflicts with decisions of the Courts of Appeal for the Sixth and Seventh Circuits, and apparently also the Fifth Circuit (Petition at 13-15), requiring submission to the jury of special interrogatories directed to the factual inquiries relating to obviousness as set forth in Graham v. John Deere Co., 383 U.S. 1, 17-18 (1966). These are not frivolous assertions.

Petitioner agrees with Respondent that the CAFC consistently has held that

the presumption of validity under 35 U.S.C. Section 282 remains constant, but is not weakened, overcome or destroyed by prior art more pertinent than that cited by the U.S. Patent and Trademark Office. The CAFC's position, however, is diametrically opposed to the position adopted by every other circuit and to the position of the United States Court of Claims, one of its predecessor courts (Petition at 18-19, n.11). Because of the CAFC's erroneous holding relating to a constant presumption of validity, regardless of the facts, Petitioner contended the CAFC erroneously approved the trial court's charge that Petitioner's burden of proof of patent invalidity would be by clear and convincing evidence, rather than by a pre-

ponderance of the evidence (Petition at 22-24).

The last issue that is raised in the Petition is the duty of an appellate court to review evidence independently to be able to render an informed decision as to whether or not substantial evidence supported the jury's verdict and, therefore, whether the trial court abused its discretion in denying a motion for judgment notwithstanding the verdict or for a new trial (Petition at 26-29; see also, Reply Brief at 11-14). This Court has held that there is a constitutional standard of patentability, Sakraida v. Ag Pro, Inc., 425 U.S. 273, 279 (1976). The CAFC has not adhered to this admonition in the case at bar and thereby has rendered an erroneous decision requiring reversal.

Respondent cites Graver Tank & Mfg. Co. v. Linde Air Products Co., 336 U.S. 271 (1949) and 339 U.S. 605 (1949), reh. den. 340 U.S. 845 (1950), for the proposition that the "two court" rule precludes this Court from reviewing prior art documents to make an independent determination that Respondent's patent is invalid. To the contrary, Petitioner submits that Graver Tank merely emphasizes the propriety of employing the clearly erroneous standard for fact determinations. Id., 336 U.S. at 275. In Graver Tank, this Court indicated that a court of law "cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error." Id. In the present case, the factfinder, namely, the jury, did not

find facts. The trial judge found facts and the facts he found were obviously and exceptionally erroneous. The CAFC did not independently review the record, but merely rubber stamped the trial judge. This procedure hardly represents "concurrent findings of fact by two courts below."

Moreover, this Court has not hesitated, even after Graver Tank, supra, to hold patents invalid as a matter of law even where both the trial court and appellate court determined them to be valid. See, Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 148 (1950); Calmar, Inc. v. Cook Chemical Co., decided concurrently with Graham v. John Deere Co., 383 U.S. 1, 4-5 (1966). An invalid patent cannot be allowed to stand.

Moreover, Deming v. Carlisle Packing Co., 226 U.S. 102 (1912), apparently cited by Respondent as support for a frivolous filing, is so factually divergent from the case at bar as to render that decision irrelevant here. Deming involved a petition for removal of an allegedly federal question from a state court to the federal court. The Court held that the federal question was "of such an unsubstantial character as to cause it to be devoid of all merit, and therefore frivolous," because the issue was "well-settled and indeed, now elementary doctrine" previously pointed out by this Court's prior decisions. Id. at 105. The case at bar bears no resemblance whatsoever to Deming.

This Court has never reviewed any decision of the CAFC since the CAFC was

established on October 1, 1982. Moreover, this Court has never decided the issue of whether the submission of the Graham factual inquiries to a jury as special interrogatories or special verdicts is required and has never construed the meaning of the presumption of validity under 35 U.S.C. Section 282. These issues raise important questions of federal law which have not been settled by this Court and which must be decided by this Court, given that the CAFC's decision in the case at bar conflicts directly with decisions on these issues rendered by other Circuit Courts of Appeal.

Petitioner's research has indicated that there have been no published decisions relating to motions under this Court's Rule 49.2. Further, this

Court's decisions under Rule 56(4), the predecessor to Rule 49.2, summarily denied motions for damages, fees and costs. Hyde Park Medical Laboratory, Inc. v. Illinois Department of Public Aid, 414 U.S. 1116 (1973); Reed v. Reed, 411 U.S. 904 (1973); Technitrol, Inc. v. McManus, 395 U.S. 919 (1969). For all the reasons set forth above, it is respectfully requested that Respondent's Motion likewise be denied.

Furthermore, Respondent attempts to bootstrap its argument that the Petition is frivolous by citing the trial judge's memorandum of March 8, 1984, which speculates that it is extremely unlikely that the Petition would be granted. The quotation is taken entirely out of context. On March 8, 1984, the Petition was not completed and was never pre-

sented to the trial court. The Petition was not filed with this Court until May 11, 1984. Further, the trial court's speculation as to the likelihood that the Petition would not be granted was based only upon a statement by the CAFC regarding a minor issue raised during the trial, which was not raised on appeal by either party, the issue of late claiming with respect to which Petitioner cited Kahn v. Dynamics Corp. of America, 508 F.2d 939 (2nd Cir. 1974), cert. denied, 421 U.S. 930 (1975). That issue is not before this Court and was not briefed or argued before the CAFC.3/

3/ Respondent also quotes the CAFC's decision in the case at bar, 727 F.2d 1506 at 1520, in which the CAFC criticized counsel for approaching the zenith of zeal in representing Petitioner. This comment was also directed to the issue of late claiming which the CAFC raised sua sponte and which is not raised in the Petition.

II. Issues Raised In The Present Petition Were Also Raised In Pending Petitions For Writs Of Certiorari To The CAFC In Other Cases.

Other Petitions for Writs of Certiorari to the CAFC presently pending before this Court raise issues identical to or similar to at least one of the issues raised by Petitioner and attacked as frivolous. The fact that other petitioners have raised the same or similar issues resulting from other decisions of the CAFC is a further indication that the present Petition is not frivolous.

In Number 83-1827, Sowa & Sons, Inc. v. American Hoist & Derrick Co., the issues presented are the CAFC's interpretation of the presumption of validity under 35 U.S.C. Section 282 and the requirement that only special interrogatories, rather than general verdicts,

be submitted to the jury to determine the issue of obviousness. The same questions were presented in the case at bar. In Number 84-173, Computervision Corp. v. The Perkin-Elmer Corp., and in Number 83-1913, White v. Jeffrey Mining Machinery Company, the petitioners raise the issue of the nature and scope of the CAFC's review of jury determinations relating to the obviousness issue. This is the third issue raised by Petitioner in the case at bar.

The filing of several other Petitions for Writs of Certiorari raising the same or similar issues based on decisions of the same court indicate not only that the present Petition is not frivolous, but also mandates that the Writ be granted. Without doubt, the

issues raised by Petitioner are important and of great merit.

III. Petitioner's Conduct Does Not Objectively Establish That The Petition Was Filed In Bad Faith Solely To Delay Execution.

Petitioner is fighting for its life, but is doing so reasonably and fairly, unlike Respondent, which is trying to destroy Petitioner. Petitioner was forced into bankruptcy solely as a result of the adverse decisions in the present case. On August 28, 1984, pursuant to a motion filed by Respondent in the United States Bankruptcy Court for the Eastern District of Pennsylvania, the Chapter 11 reorganization proceeding involving Petitioner was converted to a Chapter 7 liquidation proceeding. However, despite the adversities which have beset it, Petitioner has consistently

acted properly, in full conformance with the law, in an attempt to redress what it sincerely believes are erroneous decisions by the lower courts. If the Petition is granted and the erroneous decisions below are reversed, Petitioner will again be a viable company. Petitioner in good faith believes this will occur.

Respondent's arguments that Petitioner's conduct establishes the bad faith filing of the Petition are absurd. Such conduct, allegedly including the filing of a petition in bankruptcy under Chapter 11, Petitioner's attorneys seeking compensation for preparing and filing the Petition, and payments to Petitioner's stockholders through 1982 (about two years or more before the filing of the Petition), cannot and does

not, in any manner, indicate that the Petition was filed in bad faith. To the contrary, the assertion of these allegations by Respondent illustrates, in stark terms, the repeated actions taken by Respondent to harass Petitioner and its attorneys through the filing of groundless documents based on unreasonable and irrelevant arguments.

Finally, that the Petition is not frivolous is further indicated by Respondent's own actions in filing a brief in opposition to it, rather than merely filing the present motion. This plainly evidences that Respondent's present Motion was an afterthought, filed with the hope that no response would be filed due to Petitioner's financial condition. Further, the filing and timing of the present Motion, after the conversion of

the bankruptcy proceedings from Chapter 11 to Chapter 7, when Petitioner is at its weakest due to the inability to pay counsel, are other indications of Respondent's harassment of Petitioner, its officers and attorneys.

IV. Conclusion.

For the reasons set forth above and as are clearly apparent from a review of the Petition and the Reply Brief in support of it, the Petition is not frivolous and was not filed in bad faith and, in fact, should be granted so that this Court may pass upon the significant federal patent law issues raised therein and in other petitions presently pending before the Court. Therefore, it is respectfully requested that Respondent's Motion seeking damages under Rule 49.2

be denied and that damages, costs and attorneys fees be awarded to Petitioner to reimburse it for the attorney fees and expenses incurred in responding to Respondent's frivolous Motion.

Respectfully submitted,

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